



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**18 VAC 140-20 – Regulations Governing the Practice of Social Work**  
**Department of Health Professions**  
December 24, 2010

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### **Summary of the Proposed Amendments to Regulation**

The Board of Social Work (Board) proposes to increase most fees paid by licensees and registrants that are subject to the Board's authority and to move from biennial renewal to annual renewal.

### **Result of Analysis**

For one of these proposed changes, costs for licensees likely outweigh benefits for the agency. There is insufficient information to accurately gauge whether benefits are likely to outweigh costs for these proposed changes.

### **Estimated Economic Impact**

Under current regulations, licensed clinical social workers and licensed social workers pay the same initial licensure fees (\$100). During biennial renewal licensed clinical social workers currently pay more than licensed social workers (\$125 to \$110). Currently all classes of licensed or registered social workers can renew their licenses or registrations for up to four years after their expiration dates by paying a late renewal fee of \$10 and providing proof of completed continuing education.

With these proposed regulations, the Board intends to 1) separate initial licensure fee paid by licensed clinical social workers from that paid by licensed social workers (all fees except the fee for reinstatement of licensure after disciplinary action), 2) require renewal of licensure every year instead of every two years (although proof of continuing education will still be required only every other year), 3) limit late renewal to within one year of expiration of license or registration and 4) separate fee for adding or changing supervision from that for initial

registration of supervision. The Board also proposes to increase all fees except those for late renewal for registered social workers and associate social workers and the returned check fee.

Below is a comparison table for current and proposed fees:

<b>FEE TYPE</b>	<b>CURRENT FEE</b>	<b>PROPOSED FEE</b>	<b>% INCREASE</b>
Registration of Supervision	\$25	\$50	<b>100%</b>
Add/Change Supervision	\$25	\$25	<b>No change</b>
Application Processing for Licensed Clinical Social Workers	\$100	\$165	<b>65%</b>
Application Processing for Licensed Social Workers	\$100	\$115	<b>15%</b>
Registration Renewal for Registered Social Workers	\$35 (biennially)	\$25 (annually)	$((25*2)-35)/35=$ <b>42.86%</b>
Registration Renewal for Associate Social Worker	\$35 (biennially)	\$25 (annually)	$((25*2)-35)/35=$ <b>42.86%</b>
License Renewal for Licensed Social Worker	\$110 (biennially)	\$65 (annually)	$((65*2)-110)/110=$ <b>18.18%</b>
License Renewal for Licensed Clinical Social Worker	\$125 (biennially)	\$90 (annually)	$((90*2)-125)/125=$ <b>44%</b>
Penalty for Late Renewal for Registered Social Worker	\$10	\$10	<b>No Change</b>
Penalty for Late Renewal for Associate Social Worker	\$10	\$10	<b>No Change</b>

(within one year)			
Penalty for Late Renewal for Licensed Social Workers	\$10	\$20	<b>100%</b>
Penalty for Late Renewal for Licensed Clinical Social Workers (within one year)	\$10	\$30	<b>200%</b>
Verification of License to Another Jurisdiction	\$10	\$25	<b>150%</b>
Additional or Replacement Licenses	\$10	\$15	<b>50%</b>
Verification Additional or Replacement Wall Certificates	\$15	\$25	<b>66.67%</b>
Returned Check Charge	\$35	\$35	<b>No Change</b>
Reinstatement Following Disciplinary Action	\$200	\$500	<b>150%</b>

Board staff reports that the Board had a surplus for FY 2009 of 404,324 but expects to run a deficit for FY2010 and FY2011 and that that, absent approval of these fee increases, “the projected deficit for FY14 is now \$254,794” and may reach as high as \$505,232. Board staff reports that the these fee increases are needed because 1) the costs of healthcare for Board employees and lease payments for office space have increased, 2) some Board non-general funds were transferred in FY2010 to the General Fund to help close the budget gap and, so, won’t be available to cover the cost of licensure services and 3) costs for information technology (IT) services have skyrocketed.

The Department of Health Professions (DHP) reports that a large portion of the expected expenditure increases over their forecast horizon are needed to cover increased costs for services

from the Virginia Information Technologies Agency (VITA). DHP reports that its VITA services costs have more than tripled from FY2005 to FY2011, from \$850,000 to \$3.6 million, and are expected to be \$4.4 million in FY2012. A large portion of the increase in costs, at least for FY 2010 and FY 2011, can be attributed to the planned move of DHP's licensing servers from DHP to Northrop Grumman. DHP anticipates that this will increase the costs for maintaining these servers by approximately \$80,000 per month (\$960,000 per year). The Board is and will be responsible for a proportional share of these costs. Although it is likely beyond the capacity of DHP to control the very rapid growth of these costs, licensees of this Board (and all other DHP Boards) would benefit from increased scrutiny of services provided to DHP through VITA.

Board Staff also reports that a portion of DHP's non-general fund bank account balances that would have partially offset the need for fee increases were instead moved to the General Fund by the Budget Bill of 2010 to help close the gap between revenue and expenditures. Staff reports that the Board's portion of this transfer was \$11,818. Staff further reports that there is a possibility that further transfers could be required in the current budget or future budgets. Licensees likely are harmed by these transfers as funds that were collected from them (and the interest those funds earned) that would have been used to cover the costs of administering their licensure program are instead used to offset the need for an increase in general taxes or for further budget cuts.

The Board proposes one change to these regulations that will increase costs for regulants even though they are not fee increases per se. The first of these is the proposal to require annual, rather than biennial, license renewal. Board Staff reports that this proposal will only raise Board costs slightly, even though the number of renewals that will be processed over each biennium will roughly double. The Board expects revenues will be higher with annual renewal because "the Board may derive revenue from persons on an annual basis who would have retired, moved away or changed professions by the time biennial renewal is due." One could argue, however, that individuals are more likely to know about changes that will be happening in the near future (within one year) that would affect a decision about license renewal and that changes in status that will occur further into the future are less known. This would mean that the Board may actually see a slight decrease in revenue because people who know that they are moving soon or

have gotten a job that does not require licensure will choose not to renew. Regulants' implicit costs (time spent filling out renewal forms, etc.) for renewing their licenses or registrations will likely double if license renewal is required annually. Because proof of continuing education is now required for license renewal, and because continuing education will remain on a biennial schedule, this change is likely to be a source of confusion. For these reasons, costs will likely outweigh benefits for this proposed change.

## **Businesses and Entities Affected**

DHP reports that the Board currently regulates 4,967 licensed clinical social workers, 349 licensed social workers, 2 associate social workers and 27 registered social workers. All of these entities, as well as any individuals or entities who may wish to become licensed or registered in the future, will be affected by these proposed regulations.

## **Localities Particularly Affected**

No locality will be particularly affected by this proposed regulatory action.

## **Projected Impact on Employment**

Fee increases in this regulatory action will likely marginally decrease the number of individuals who choose to work in professional fields that are regulated by the Board. Individuals who work part time or whose earnings are only slightly higher in these licensed fields than they would be in other jobs that do not require licensure will be more likely to be affected.

## **Effects on the Use and Value of Private Property**

To the extent that affected licensees are in private practice, fee increases will likely slightly decrease business profits and make their businesses slightly less valuable.

## **Small Businesses: Costs and Other Effects**

DHP does not know how many affected entities would qualify as small businesses but does know that many licensed clinical social workers are small business independent practitioners.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

There are several actions that the Board could take that might mitigate the necessity of raising fees overall. The Board could slightly lengthen the time that it takes to process both license applications and complaints so that staff costs could be cut. This option would benefit current licensees but would slightly delay licensure, and the ability to legally work, for new applicants. Affected small businesses would also likely benefit from increased scrutiny of the IT costs that are driving increases in both agency and Board expenditures.

## **Real Estate Development Costs**

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.